

PREVAILED

Roll Call No. _____

FAILED

Ayes _____

WITHDRAWN

Noes _____

RULED OUT OF ORDER

HOUSE MOTION _____

MR. SPEAKER:

I move that House Bill 1042 be amended to read as follows:

- 1 Page 2, between lines 4 and 5, begin a new paragraph and insert:
2 "SECTION 3. IC 4-32-9-16 IS AMENDED TO READ AS
3 FOLLOWS [EFFECTIVE JULY 1, 2004]: Sec. 16. (a) The department
4 may, by rule, set the allowable expenditures of a qualified organization
5 with respect to an allowable event.
6 (b) All net proceeds from an allowable event and related activities
7 may only be used for the lawful purposes of the qualified organization.
8 (c) To determine the net proceeds from an allowable event, a
9 qualified organization shall subtract the following from the gross
10 receipts received from an allowable event:
11 (1) An amount equal to the total value of the prizes awarded
12 at the allowable event.
13 (2) An amount equal to the total value of the door prizes
14 awarded at the allowable event.
15 (3) The amount of the qualified organization's license fees
16 attributable to the allowable event, as determined under
17 subsection (f).
18 (4) The sum of the purchase prices of licensed supplies
19 described in IC 4-32-7-4 that are purchased for and dispensed
20 at the allowable event.
21 (5) An amount equal to the qualified organization's allowable
22 expenditures for the allowable event, as permitted under

section 16.3 of this chapter.

(d) For purposes of subsection (b), the lawful purposes of a qualified organization include the following:

(1) The religious, charitable, community, or educational purposes for which the qualified organization is specifically chartered or organized.

(2) Payment of expenses relating to the acquisition, construction, maintenance, or repair of any interest in real property that is involved in the operation of the organization and used for lawful, religious, charitable, community, or educational purposes.

(3) Payment of expenses related to the acquisition and maintenance of equipment, vehicles, or other personal property used for the religious, charitable, educational, or community purposes of the organization.

(4) Raising and awarding scholarship funds.

(5) Making payments to or on behalf of a sick or deceased member or the member's immediate family. However, the department must approve payments under this subdivision that exceed one percent (1%) of the qualified organization's gross receipts.

(e) A qualified organization must annually provide a detailed accounting of the use of the qualified organization's net proceeds on a form prescribed by the department.

(f) To determine the amount of a qualified organization's license fees that are attributable to a particular allowable event, the qualified organization shall divide:

(1) the amount of the qualified organization's license fee for the license under which the allowable event is held; by

(2) the number of allowable events held under the license.

(g) A qualified organization's allowable expenditures subtracted under subsection (c)(5) must be supported by receipts or other evidence required by the department. The allowable expenditures are subject to audit and review by the department.

(h) A rule of the department concerning the amount of a qualified organization's charity gaming proceeds that must be used for the qualified organization's charitable purposes is void if it does not contain provisions substantially similar to subsection (c).

SECTION 4. IC 4-32-9-16.1 IS ADDED TO THE INDIANA CODE AS A NEW SECTION TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2004]: **Sec. 16.1.** For purposes of section 16 of this chapter, the net proceeds of an allowable event may not be used for:

- (1) social or recreational activities that are open primarily to the organization's members and their families, unless a substantial benefit to the community is demonstrated;
- (2) salaries and honoraria to the officers, directors, members, or employees of the qualified organization;
- (3) payments, other than a payment authorized under section 16(c)(5) of this chapter, made directly for the benefit of an individual member of the qualified organization or a member of the member's family;
- (4) an activity prohibited by federal, state, or local law; or
- (5) an activity prohibited by the qualified organization's charter or bylaws.

SECTION 5. IC 4-32-9-16.3 IS ADDED TO THE INDIANA CODE AS A NEW SECTION TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2004]: Sec. 16.3. (a) A qualified organization's allowable expenditures for an allowable event are limited to the following:

- (1) Rent, as permitted under section 20 of this chapter.
- (2) Expenditures for the lease of personal property used to conduct the allowable event. Expenditures under this subdivision may not exceed fifty dollars (\$50) per allowable event.
- (3) Reasonable expenditures for consumables used at the allowable event that are unrelated to the qualified organization's gaming operations, including cups, plates, napkins, cleaning supplies, and other similar items.
- (4) Reasonable advertising expenditures.
- (5) Reasonable expenditures related to providing security personnel for the allowable event.

(b) A qualified organization may not employ more than three (3) security personnel at an allowable event."

Page 2, after line 16, begin a new paragraph and insert:

"SECTION 7. IC 4-32-9-17 IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2004]: Sec. 17. A qualified organization shall maintain accurate records of all financial aspects of an allowable event under this article. A qualified organization shall make accurate reports of all financial aspects of an allowable event to the department within the time established by the department. The department ~~may~~ shall prescribe forms for this purpose. The department shall, by rule, require a qualified organization to deposit funds received from an allowable event in a separate and segregated account set up for that purpose. All expenses of the qualified organization with respect to an allowable event shall be paid from the separate account.

SECTION 8. IC 4-32-9-20 IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2004]: Sec. 20. (a) Except as

provided in subsection (d), if facilities are leased for an allowable event, the rent may not:

(1) be based in whole or in part on the revenue generated from the event; or

(2) exceed two hundred dollars (\$200) per day.

(b) A facility may not be rented for more than three (3) days during a calendar week for an allowable event.

(c) If personal property is leased for an allowable event, the rent may not be based in whole or in part on the revenue generated from the event.

(d) If a qualified organization conducts an allowable event in conjunction with or at the same facility where the qualified organization or its affiliate is having a convention or other meeting of its membership, facility rent for the allowable event may exceed two hundred dollars (\$200) per day. A qualified organization may conduct only one (1) allowable event under this subsection in a calendar year.

(e) A lease of a facility for an allowable event:

(1) must be in writing;

(2) must be between the owner of the facility and a qualified organization; and

(3) may not be a sublease.

(f) This subsection applies to leases entered into or renewed after June 30, 2004. If a qualified organization leases a facility by the year to be used for allowable events and to:

(1) hold the qualified organization's meetings;

(2) conduct the qualified organization's business; and

(3) carry out all other functions of the qualified organization;

the maximum rent amount set forth in subsection (a) applies to each day that the qualified organization occupies the leased facility. The annual rent for a facility described in this subsection may not exceed seventy-three thousand dollars (\$73,000).

SECTION 9. IC 4-32-9-21, AS AMENDED BY P.L.129-2001, SECTION 1, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2004]: Sec. 21. **(a)** Except where a qualified organization or its affiliate is having a convention or other annual meeting of its membership, a qualified organization may only conduct an allowable event in the county where the principal office of the qualified organization is located. The principal office of a qualified organization shall be determined as follows:

(1) Except as provided in subdivision (3) or ~~subdivision~~ (4), if a qualified organization is a corporation, the principal office shall be determined by the street address of the corporation's registered office on file with the secretary of state.

(2) If a qualified organization is not a corporation, the principal office shall be determined by the street address of the organization

on file with the Internal Revenue Service, the department, or county property tax assessment board of appeals for tax exempt purposes.

(3) If a qualified organization is affiliated with a parent organization that:

(A) is organized in Indiana; and

(B) has been in existence for at least five (5) years;

the principal office shall be determined by the principal place of business of the qualified organization.

(4) If a qualified organization is affiliated with a parent organization that:

(A) is a nationally recognized charitable organization;

(B) serves a majority of counties in Indiana; and

(C) has been in existence for at least twenty-five (25) years;

the principal office shall be deemed to be present in every county served by the organization.

(b) If a qualified organization is considered to have a principal office in more than one (1) county, the qualified organization is limited to one (1) license under this article per day. An officer of the qualified organization who lives in the county in which a proposed allowable event will be held must sign the application for the license to conduct the allowable event.

SECTION 10. IC 4-32-9-29 IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2004]: Sec. 29. **(a) Except as provided in subsection (b),** a worker must be a member in good standing of a qualified organization that is conducting an allowable event for at least thirty (30) days at the time of the allowable event.

(b) The following individuals may work at an allowable event without meeting the requirements of subsection (a):

(1) A member of an auxiliary organization (as defined in the rules of the department).

(2) An individual designated to sell raffle tickets under section 15 of this chapter.

(c) Section 25 of this chapter applies to an individual described in subsection (b).

SECTION 11. IC 4-32-9-32 IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2004]: Sec. 32. **(a) Except as provided in subsection (b),** the total prizes for a door prize event may not have a value of more than five thousand dollars (\$5,000).

(b) However, The department may, by express authorization, allow a qualified organization to conduct one (1) door prize event each year where the total prizes for the door prize event may not exceed twenty thousand dollars (\$20,000).

(c) The total value of prizes awarded for a qualified

organization's door prize events in a calendar year may not exceed twenty-five thousand dollars (\$25,000). However, the prizes awarded at a door prize event held under subsection (b) may not be counted toward the annual limit set forth in this subsection.

(d) The proceeds of the sale of pull tabs, punchboards, and tip boards are not included in the total prize limit at a door prize event.

SECTION 12. IC 4-32-9-34 IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2004]: Sec. 34. (a) Except as provided in subsection (b), the following persons may not play or participate in any manner in an allowable event:

(1) An employee of the department.

(2) A person less than eighteen (18) years of age.

(b) A person less than eighteen (18) years of age may sell tickets or chances for a raffle.

(c) A qualified organization may not allow a person less than eighteen (18) years of age, including a person employed by a third party caterer, to serve food or drinks in the area where gaming is conducted or to interact with the participants in an allowable event in the area where gaming is conducted.

SECTION 13. IC 4-32-9-37 IS ADDED TO THE INDIANA CODE AS A **NEW** SECTION TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2004]: Sec. 37. (a) Except as provided in subsection (b), a **qualified organization may not conduct on the Internet any activity relating to the qualified organization's charity gaming operations.**

(b) A qualified organization may advertise an allowable event on the Internet.

SECTION 14. IC 4-32-9-38 IS ADDED TO THE INDIANA CODE AS A **NEW** SECTION TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2004]: Sec. 38. (a) **A qualified organization may accept only United States currency and coin from players participating in an allowable event.**

(b) A qualified organization may not extend credit to a player at an allowable event.

SECTION 15. IC 4-32-12-1 IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2004]: Sec. 1. (a) The department may suspend or revoke the license of or levy a civil penalty against a qualified organization or an individual under this article for any of the following:

(1) Violation of a provision of this article or of a rule of the department.

(2) Failure to accurately account for:

(A) bingo cards;

(B) bingo boards;

- 1 (C) bingo sheets;
- 2 (D) bingo pads;
- 3 (E) pull tabs;
- 4 (F) punchboards; or
- 5 (G) tip boards.

6 (3) Failure to accurately account for sales proceeds from an event
7 or activity licensed or permitted under this article.

8 (4) Commission of a fraud, deceit, or misrepresentation.

9 (5) Conduct prejudicial to public confidence in the department.

10 (b) If a violation is of a continuing nature, the department may
11 impose a civil penalty upon a licensee or an individual for each day the
12 violation continues.

13 **(c) The department may not suspend or revoke the license of**
14 **or impose a civil penalty on a qualified organization or an**
15 **individual under subsection (a)(5) unless the qualified**
16 **organization or individual:**

- 17 **(1) fails to file a tax return;**
- 18 **(2) conducts a gaming event, other than an allowable event**
19 **permitted under IC 4-32-9-3, without a license;**
- 20 **(3) engages in sports betting;**
- 21 **(4) operates a gambling device (as defined in IC 35-45-5-1);**
- 22 **(5) uses or possesses a technologic aid (as defined in the**
23 **rules of the department);**
- 24 **(6) engages in any other conduct prohibited under**
25 **IC 35-45-5; or**
- 26 **(7) engages in any other conduct that gives the appearance**
27 **of impropriety.**

28 SECTION 16. IC 4-32-15-3 IS AMENDED TO READ AS
29 FOLLOWS [EFFECTIVE JULY 1, 2004]: Sec. 3. The department shall
30 establish procedures by which each licensed entity must account for the
31 following:

- 32 (1) The tax collected under this chapter by the licensed entity.
- 33 (2) The **serial numbers or other distinguishing numbers or**
34 **identification marks of the** pull tabs, punchboards, and tip
35 boards sold by the licensed entity.
- 36 (3) The funds received for sales of pull tabs, punchboards, and tip
37 boards by the licensed entity.

38 SECTION 17. IC 4-32-15-3.5 IS ADDED TO THE INDIANA
39 CODE AS A **NEW** SECTION TO READ AS FOLLOWS [EFFECTIVE
40 JULY 1, 2004]: **Sec. 3.5. The department shall establish procedures**
41 **by which each qualified organization must account for the**
42 **following:**

- 43 **(1) The serial numbers or other distinguishing numbers or**
44 **identification marks of the pull tabs, punchboards, and tip**

- 1 **boards purchased by the qualified organization.**
- 2 **(2) The amounts paid for the purchase of pull tabs,**
- 3 **punchboards, and tip boards by the qualified organization.".**
- 4 Renumber all SECTIONS consecutively.
(Reference is to HB 1042 as printed January 30, 2004.)

Representative Whetstone